

VZCZCXRO1379
PP RUEHCN RUEHGH RUEHVC
DE RUEHIN #0650/01 1540942
ZNY CCCCC ZZH
P 030942Z JUN 09 ZDK UR SVC 5899
FM AIT TAIPEI
TO RUEHC/SECSTATE WASHDC PRIORITY 1673
INFO RUEHOO/CHINA POSTS COLLECTIVE PRIORITY
RHEFDIA/DIA WASHINGTON DC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RHHMUNA/USPACOM HONOLULU HI PRIORITY
RUEKJCS/SECDEF WASHINGTON DC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000650

SIPDIS

E.O. 12958: DECL: 06/03/2019

TAGS: [PREL](#) [PINR](#) [CH](#) [TW](#)

SUBJECT: KMT CHAIRMAN ON CROSS-STRAIT TALKS, TAIWAN POLITICS

TAIPEI 00000650 001.2 OF 002

Classified By: The Director for reasons 1.4(b/d)

¶1. (C) Summary. Chinese President Hu Jintao is committed to step-by-step progress on cross-Straits ties, KMT Chairman Wu Poh-hsiung told the Director during their June 3 meeting. Wu, just returned from an 8-day trip to China, was optimistic about prospects for reaching a framework trade deal with China as long as the agreement deals with purely economic issues. The next round of KMT-CCP talks will be held in July, focusing on cultural issues. While the visit to Beijing and Shanghai by Kaohsiung mayor Chen Chu was billed as a landmark high-level visit by a senior member of the pro-independence DPP party, Wu told us travel by lower-level party members is increasingly common. End Summary.

¶2. (C) The Director discussed cross-Straits relations and Taiwan's domestic political situation during a cordial, one-hour conversation with KMT party Chairman Wu Poh-hsiung June 3. Wu, who returned June 1 from an eight-day visit to Nanjing, Beijing, Hangzhou and Chongqing, appeared eager to play the role of elder KMT statesman. Wu noted that he had just visited Taiwan Vice President Vincent Siew, who was released from the hospital June 2 following surgery for lung cancer. All things considered, Wu said, Siew looked relatively well.

Olympics, APEC and WHA Top Hu's List of Cross-Straits Hits

¶3. (C) Recounting his just-completed trip to the PRC to mark the 80th anniversary of Sun Yat-sen's burial in Nanjing, Wu said he had been well-received by President Hu Jintao, CPPCC Chairman Jia Qinglin and TAO Director Wang Yi, who was Wu's escort for much of the visit. There were no surprises in his meeting with Hu, Wu said. Hu cited three specific developments as evidence of Beijing's goodwill toward the Ma administration - Taiwan's treatment at the Beijing Olympics, the decision to allow former VP Lien Chan to represent Taiwan at the November 2008 APEC Senior Officials Meeting and the invitation for Taiwan to participate as an observer at the May 2009 WHA meeting in Geneva.

¶4. (C) In private, Wu said, he was prepared to admit that China's goodwill was the key to these breakthroughs. Publicly, however, the Ma administration and the KMT would only admit that Chinese goodwill was one factor that contributed to the expansion in Taiwan's international space. The WHA deal was particularly important, both to Taiwan and China, Wu said. With the WHA meeting opening as worries about swine flu spread across the globe, the people of Taiwan would have been very angry if China had blocked Taiwan's participation for political reasons.

China Committed to ECFA, But Has Upper Hand in Talks

15. (C) Both sides are sincere about efforts to complete an Economic Cooperation Framework Agreement (ECFA) this year, Wu said. Tactically speaking, though, Taiwan is at a disadvantage. With provisions of the ASEAN 3 trade agreement set to take force in 2010, Taiwan exporters face being priced out of the market if China and its other neighbors lower their tariffs, leaving Taiwan on the outside. China, of course, knows this, Wu said, and can be expected to drive a tough bargain. Naturally, Taiwan's negotiators will strive for the best possible deal. The bottom line for the Ma administration, though, is that the final agreement must be solely about economics. Any attempt by the PRC to insert "political" language into an ECFA would make it impossible to sell to the people of Taiwan.

16. (C) Wu expressed optimism that, once an ECFA is signed, other countries in the region will feel more comfortable pursuing trade deals with Taiwan. As long as these agreements steer clear of nomenclature that would suggest they are between sovereign states, Wu suggested, China will not oppose them. Indeed, he claimed, Singapore had been prepared to sign an FTA with Taiwan during the Chen Shui-bian administration. The deal fell through only because Chen insisted it be called a Singapore-Taiwan FTA. The Director noted that there was no indication that Washington is prepared to discuss new FTAs with Taiwan or anyone else, for now, given ongoing domestic debates on the basic concept.

KMT-CCP Forum Set for Hunan in July

17. (C) The next KMT-CCP Forum will take place July 12-13 in Changsha, Hunan, Wu revealed. Compared to previous such

TAIPEI 00000650 002 OF 002

gatherings, this Forum will be relatively modest, focusing primarily on expanding cultural exchanges. In addition to KMT officials, Taiwan's delegation hopefully will also include representatives from other organizations and political parties. There will be about 100 people in Taiwan's delegation, he projected.

DPP: Divided, But Also Talking to China

18. (C) Wu downplayed the significance of Kaohsiung Mayor Chen Chu's visit to Beijing and Shanghai. Chen, the opposition DPP's most senior elected official, tried to portray her trip as a spontaneous affair, Wu said. In fact, however, it was a carefully choreographed event. The mayor had to go, he suggested, to insure that the PRC would encourage travelers to go to the city in July for the World Games. Kaohsiung is counting on PRC tourists to fill many of the seats at the Games' venues. In any event, he claimed, except for the party's most senior leaders, travel by DPP officials is increasingly commonplace.

19. (C) More generally, Wu said, the DPP suffered from a lack of unity. Party Chair Tsai Ing-wen had no choice but to organize the May 17 protest against the Ma administration, if only as a way to rally the party faithful. In the final analysis, though, the protest had strengthened neither her nor her party's position. Similarly, Wu projected that local elections scheduled for December would do little to revive the opposition. The consolidation of several counties and municipalities meant that key races will be postponed until 2010. KMT candidates should hold their own in the remaining races, Wu said, which are, in any event, less likely to be seen as referenda on the ruling party.

Comment

110. (C) By all accounts, Wu is being pushed out of the KMT

Chairmanship this summer by Ma Ying-jeou, and is not pleased with the prospect. But the offset appears to be the nomination of his son, Wu Chih-yang, as the KMT candidate for magistrate of Taoyuan county, one of the fastest growing parts of Taiwan. For now, Wu is playing the gentleman, but could change if he feels his treatment by the President is undignified.

YOUNG